

Minutes of the Finance Committee

Wednesday, February 18, 2009

Chair Haukohl called the meeting to order at 8:30 a.m.

Present: Supervisors Pat Haukohl (Chair), Bill Zaborowski, Jean Tortomasi, Jim Heinrich, Pamela Meyer, Steve Wimmer, and Rob Hutton. Rob Hutton left the meeting at 3:03 p.m.

Also Present: Chief of Staff Mark Mader, Senior Financial Analyst Lyndsay Johnson, Emergency Management Coordinator Bill Stolte, Emergency Preparedness Director Rich Tuma, Fleet Manager Bob Rauchle, Sheriff Dan Trawicki, Jail Administrator Mike Giese, Inspector Steve Marks, Business Manager Tom Koth, Business Manager Betsy Crosswaite, Administration Director Norm Cummings, Brad Viegut of Robert W. Baird Company, Budget Specialist Linda Witkowski, Airport Manager Keith Markano, Principal Financial Projects Analyst Bob Ries, Accounting Services Manager Larry Dahl, Heather Acker of Virchow Krause & Company, Office Services Manager Karen Cooper, Community Resource Development Educator Jerry Braatz, Senior Financial Analyst Bill Duckwitz, Register of Deeds Jim Behrend, Corporation Counsel Tom Farley, and Risk/Purchasing Manager Laura Stauffer. Recorded by Mary Pedersen, County Board Office.

Approve Minutes of 1-21-09

MOTION: Tortomasi moved, second by Zaborowski to approve the minutes of January 21. Motion carried 7-0.

Schedule Next Meeting Date

March 4, 2009

Announcements

Haukohl advised a Finance Committee meeting has been scheduled for March 24 at 6:15 p.m., before the County Board meeting, to approve the bond issue.

Mader indicated a late-arriving ordinance will be considered by the Public Works Committee before next Tuesday's County Board meeting. The ordinance pertains to the layout of the North Avenue/Springdale Road intersection. The reason it is being considered out of cycle is because staff can submit this project for infrastructure funding although there is a timing issue.

Tortomasi said the national model on airport security will not come before the Finance Committee because it is not Finance Committee related. However, it will be agendaized for a future Judiciary Committee meeting. Haukohl asked Tortomasi to let the Finance Committee know when this is scheduled.

Meeting Approvals

MOTION: Wimmer moved, second by Heinrich to approve Zaborowski's attendance at the January 22 Park & Planning Commission meeting. Motion carried 7-0.

Ordinance 163-O-092: Accept Homeland Security –Training Program Funding And Modify The Emergency Preparedness 2009 Budget To Appropriate Grant Revenues And Expenditures

Stolte discussed this ordinance as outlined which involves accepting \$4,270 in federal Department of Homeland Security funding to provide Incident Command System and Emergency Operations Command (EOC) integration training to ensure that the personnel required to staff the EOC are properly trained to perform the functions required. Approximately 25 county and municipal employees can attend each of two training sessions. The grant will cover the cost of the training which is \$67 per employee for the one-day session and \$104 per employee for the two-day session.

MOTION: Heinrich moved, second by Tortomasi to approve Ordinance 163-O-092. Motion carried 6-1. Hutton voted no.

Ordinance 163-O-093: Accept Homeland Security-Urban Area Security Initiative FY2007 Program Funding And Modify The Emergency Preparedness 2009 Budget To Appropriate Grant Revenues And Expenditures For Citizen Corps Initiatives And Community Emergency Response Training

Stolte explained this ordinance as outlined which involves accepting \$149,062 in federal funding from the Homeland Security-Urban Area Security Initiative. The grant will allow them to continue citizen corps initiatives and community emergency response training to enhance the capabilities to prevent, respond to, and recover from acts of terrorism. Funding will be used to cover personnel costs (\$83,426); printing materials, advertising, and promotion (\$8,576); Community Emergency Response Team (CERT) class instruction (\$38,259); office supplies (\$7,000); promotional materials (\$10,228); and small equipment (\$1,573). The grant period ends June 30, 2010 unless an extension is granted.

Meyer asked if this was a viable way to spend federal dollars. Stolte said absolutely as it trains these individuals to respond properly in emergency situations. Each individual will attend about 20 hours of training. Stolte explained the curriculum in detail.

Hutton said because 1,000 people have been trained for this already, wouldn't some of them be able to train others? He thought the fire departments, police departments, etc. probably do this already to some degree and he was concerned about duplication. Stolte said it's important to keep CERT instructors because of their regular involvement with the system. It's very difficult to teach, for example, first aid and emergency medical services to people who only do it once or twice a year. We rely on these professionals to come in and teach people the correct ways with practical application. The course is very hands on and some of them are lay people who are learning this for the first time. The trained professionals are going to spot a mistake a lot faster than a volunteer trainer would. Tuma noted a fireman may be a good fireman but he may not be a good teacher. Also, Haukohl said if they have to leave their job to train people, that will cost money.

Meyer expressed concerns with the allotment for office supplies and wondered if it was necessary. Stolte said the manuals are thick and cost a lot to produce. There are also brochures and other costs which he explained further. They are very aware of these costs and are able to provide a detailed list of expenses.

Hutton asked if there was no money available, would they still provide this training. Stolte said they are starting to move this program to be more self-sufficient and the current budget is about

one-quarter of what it was at the start of the program. They have made big progress in cutting costs and staff are reaching out to private organizations and corporate sponsors to help with these training classes.

MOTION: Wimmer moved, second by Heinrich to approve Ordinance 163-O-093. Motion carried 6-1. Hutton voted no.

Contract Procurement Process for Mobile Command Vehicle

Haukohl said Supervisor Cummings, a member of the evaluation committee, called her to say that while the process was followed correctly, she was concerned how the costs were figured for training purposes. Tuma went on to explain this and advised the contract was awarded to LDV, Inc., the highest rated proposer, for the total contract cost of \$450,000. The budgeted amount was also \$450,000. The County negotiated a \$5,453 reduction in the base price of the vehicle, therefore, the contract amount does not match the amount shown on the Post Composite Rating Form. A total of four vendors submitted RFP's for consideration.

MOTION: Tortomasi moved, second by Heinrich to approve the contract procurement process for a mobile command vehicle. Motion carried 7-0.

Ordinance 163-O-087: Amend Sheriff's Department 2009 Budget Expenditure Of Office Of National Drug Control Policy Cooperative Agreement Funds

Trawicki said this ordinance involves accepting \$17,811 from the Office of National Drug Control Policy to enhance the department's efforts as part of the Milwaukee High Intensity Drug Trafficking Area (HIDTA). The funding will be used to purchase equipment for the metro drug unit including an overhead projector, cameras, binoculars, interactive white board, and evidence room improvements. Tortomasi asked for more information on the evidence room improvements which Trawicki said he would provide for the committee.

MOTION: Meyer moved, second by Tortomasi to approve Ordinance 163-O-087. Motion carried 7-0.

Ordinance 163-O-088: Accept U.S. Marshal's Office Funds To Purchase HIDTA Equipment And Modify Waukesha County Sheriff Department's 2009 Budget To Authorize These Expenditures

Trawicki said this ordinance modifies the department's budget by increasing General Government revenue by \$15,000 and increasing Operating and Fixed Asset appropriations by a \$15,000. This will allow the department to act as the fiscal agent for the U.S. Marshall's Office so they can acquire equipment for the HIDTA taskforce through the HIDTA grant program in southeastern Wisconsin. The U.S. Marshall's Office requires a fiscal agent in order to receive HIDTA grant funds to ensure they are appropriately spent.

MOTION: Hutton moved, second by Heinrich to approve Ordinance 163-O-088. Motion carried 7-0.

Ordinance 163-O-089: Amend 2009 Sheriff's Department Budget – Expenditure Of Seized Funds – Participant Distribution, February, 2009

Trawicki explained this ordinance which transfers seized funds to state and local agencies that contributed directly to the seizure of that property. Federal guidelines require that these funds must

be used to enhance law enforcement activities and not supplant existing adopted budget appropriations. Sheriff staff have determined that approximately \$17,320 will be disbursed to the following participating Metro Drug Unit police agencies: City of Waukesha (\$6,479); City of New Berlin (\$3,239); City of Brookfield (\$3,239); Village of Menomonee Falls (\$3,239); City of Muskego (\$333); Village of Hartland (\$473); and Village of Pewaukee (\$318).

MOTION: Heinrich moved, second by Tortomasi to approve Ordinance 163-O-089. Motion carried 7-0.

Ordinance 163-O-090: Expenditure Of Seized Funds Amend 2009 Sheriff's Department Budget Multiple Expenditure Requests February 2009

Trawicki explained this ordinance as outlined. According to the County's accounting records the department currently has a balance of undesignated seized funds available totaling \$220,800 (without deducting \$17,320 to participant members or the appropriations in this proposed ordinance). The department is requesting to use up to a maximum of \$64,100 of seized funds to purchase the following items: furniture for the Sussex substation (\$43,000); digital compatible televisions for Huber (\$3,750); converter systems for jail televisions (\$7,750); donation to Crime Stoppers (\$5,000); enclosed snowmobile trailer (\$3,100); and a lieutenant uniform (\$1,500).

Meyer asked why not just buy digital television sets. Giese said they cannot afford cable TV and the main jail and Huber have two separate systems. This is a two phase project because they don't have the funds to buy all digital TV's. It is a complicated process which he explained further. Heinrich asked for information on the \$1,500 for a lieutenant uniform. Trawicki said they upgraded uniforms a few years ago for the entire command staff through asset forfeiture for funerals, special occasions, and when officers are representing the department at official functions. This uniform is for a newly promoted lieutenant and he is the only command staff who does not have one.

MOTION: Tortomasi moved, second by to approve Ordinance 163-O-090. Motion carried 7-0.

Fund Transfer 08-413000-1: Public Works Dept. – Transfer Funds from Operating Expenses to Interdepartmental Expenses

Crosswaite discussed this item which involves transferring \$20,000 to the State vehicle repair/maintenance account for final clean-up of the State Highway Maintenance 2008 budget. Funds are available as the State did not purchase the small amount of tools and equipment or rent the amount of heavy equipment that the 2008 budget had originally anticipated.

MOTION: Heinrich moved, second by Wimmer to approve Fund Transfer 08-413000-1, Public Works Dept. Motion carried 7-0.

Ordinance 163-O-095: Authorize The Issuance Of Not To Exceed \$7,700,000 General Obligation Promissory Notes For Refunding Purposes

Cummings and Viegut were present to discuss this ordinance as outlined. Cummings explained there are three ordinances on the agenda today in case the market changes. In the past few months, rates have gone down drastically. He requested that all three (163-O-095, 163-O-096, and 163-O-097) be adopted as this would allow them greater flexibility. Ultimately, one ordinance will come forward for County Board approval in March. Cummings advised that a highway project recently came \$2 million under budget so they are reducing the bond issue by \$2 million.

Viegut distributed copies of “Waukesha County Summary of Recommended Financing Plan” which he explained as outlined. Viegut said rates have improved substantially since December and they are the lowest he has seen in at least 12 years. Viegut said the recommended term of structure of the notes, 10 years, compliments the existing and planned debt structure. The debt is retired sooner than the useful life of the assets being financed. Baird and County staff will prepare a rating presentation for Moody’s Investors Service and Fitch Ratings. Both rating agencies are fully expected to affirm the County’s Aaa/AAA ratings. Viegut went on to review the recommended refinancing and financing plan and he noted this will be a bank qualified issue.

Heinrich asked if the rates are this low and we can get good bids right now on capital projects, why would we not go for the full amount and accelerate more projects. Cummings said we don’t know what will happen in the next month. It is important to keep in mind that things could change rapidly once federal stimulus money is released; rates could increase as could project costs.

MOTION: Wimmer moved, second by Heinrich to approve Ordinance 163-O-095. Motion carried 7-0.

Ordinance 163-O-085: Modify Capital Project 9903 CTH Y, I-43-CTH I And Reduce Debt Borrowing In The 2009 Capital Budget

Cummings said this ordinance balances the budget as we are only going to borrow \$8 million instead of \$10 million. Haukohl said this was discussed at Executive Committee where she expressed concerns about making sure this can be done for \$2 million less. She was assured there will be sufficient dollars to finish this project.

MOTION: Heinrich moved, second by Hutton to approve Ordinance 163-O-085. Motion carried 7-0.

Ordinance 163-O-096: Authorize The Issuance Of Not To Exceed \$8,000,000 General Obligation Promissory Notes For Capital Projects

MOTION: Meyer moved, second by Tortomasi to approve Ordinance 163-O-096. Motion carried 7-0.

Ordinance 163-O-097: Providing For The Sale Of \$15,700,000 General Obligation Promissory Notes, Series 2009

MOTION: Tortomasi moved, second by Heinrich to approve Ordinance 163-O-097. Motion carried 7-0.

Haukohl advised of the annual letter from her and the Finance Committee to the County Board explaining this year’s bond issue. Cummings advised that a three-quarter vote will be needed on ordinances pertaining to new debt in order to exempt that amount from the debit limit.

Explanation of County Investment Policies

Dahl distributed copies of “Waukesha County Investment Policy and Reporting” which Cummings, Ries, and Dahl explained as outlined. Haukohl said this item will be brought before the Finance Committee at each new term for educational purposes. Cummings said a formal policy eliminates ambiguity, assigns responsibilities, establishes investment portfolio content, establishes competitive selection requirements, establishes safekeeping procedures, and provides guidance to vendors. The primary policy objectives are to preserve capital in the overall portfolio and protect investment

capital, to remain sufficiently liquid to meet disbursement requirements which might reasonably be anticipated, and to manage the investment portfolio to maximize return consistent with the previous two objectives.

Prudent Person Rules (applicable to the Department of Administration) state that investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Prudent Person Rules (applicable to investment advisors) state that investments shall be made with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity as an investment advisor or custodian and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Cummings went on to review reporting requirements which include quarterly reports to the Finance Committee and the Comprehensive Annual Financial Report (CAFR). The responsibility for conducting investment transactions rests with the Director of Administration. The County uses two Aaa rated money market funds along with the State Pool for short term operating funds. There are three managed investment portfolios, each with a slightly different focus, following the County Investment Policy. The current banking contract calls for interest earnings of the fed funds rate but there are no charges for banking services. Cummings reviewed the portfolio structure, eligible investments, and restricted investments. Amounts in excess of federal and state deposit guarantees must be fully collateralized with securities held by a third party, or fully insured by an insurance company rated A or better by A.M. Best. Managed account securities are held in safekeeping by a third party custodian. Investment transactions and portfolio valuations are accessed from the custodian on a daily basis via the Internet. Activities are entered daily into portfolio management software. A performance report is delivered to the Finance Committee on a quarterly basis.

Annual Report on Interest Allocations

Ries distributed a chart entitled "Summary of Interest Allocations" which included information on where the money is allocated, how it was originally authorized, those that were rescinded and when, and rationale. Interest is currently allocated to the following funds: Capital Projects, Debt Service, Tarmann, Self Insured Health Insurance, Risk Management, Vehicle/Equipment Replacement, Jail Assessment, Federated Library, Golf Course, Sheriff Seized, Self Insured Dental Insurance, Ice Arena, Airport Security Deposits, and Reuss Trust. Ries reviewed "Analysis of Investment Income and Allocations Fiscal Year 2008" and advised that total gross investment income in FY2008 was \$6,911,807. Cummings noted that levy is invested in the Treasurer's budget.

Year-End Investments Report

Ries reviewed the 2008 year-end investments report which included information on investment yield, investment revenue, average daily balance, total County investment income, balances and investment rates, and the County's investment portfolios. Ries advised the return for the quarter was up seven basis points from the last quarter to 0.95%. The increase, in spite of significant reductions in short term interest rates by the Federal Reserve which took the Fed Funds rate from 2.00% at the start of the quarter to a target rate of 0-0.25% by the end, occurred largely due to the fact that the County carries its lowest balance in the money market funds during the fourth quarter. The decrease in rates has had the greatest impact in the money market funds as well as in the money market component of the managed portfolios. Money market returns averaged 1.39% during the

fourth quarter, down from 2.16% in the previous quarter and 4.55% in the fourth quarter of 2007. The increase in the total County investment return is largely caused by the fact that there are no significant revenue sources in the fourth quarter. Average balances carried in the money market funds fell from \$76 million to \$27 million.

The committee recessed at 12:22 p.m. and reconvened at 1:16 p.m.

Ordinance 163-O-084: Modify 2009 Airport Operating Budget For Special Assessment By The City Of Waukesha For Sanitary Sewer

Markano explained this ordinance which involves appropriating \$67,900 of expenditure authority to pay for special assessment charges from the City of Waukesha for sanitary sewer work along Waukesha County airport property. The assessment had been disputed and was not resolved prior to the adoption of the 2009 budget.

Wimmer asked if we are charging these costs back to the hangar owners. Markano said one of the hangars is ours and according to how the leases are written, per Corporation Counsel, we cannot charge tenants. Markano said the leases state that the tenant will be responsible for all connections to utilities and metering devices. Wimmer disagreed since the lessees are the ones requesting the hook-up. For example, when a residential property hooks up it is the resident who pays this cost. Markano believes his predecessor may have calculated these costs into the cost of the lease, knowing the sewer would eventually run through.

MOTION: Heinrich moved, second by Tortomasi to approve Ordinance 163-O-084. Motion carried 7-0.

Ordinance 163-O-094: Transfer Carryover Funds From 2008 Unexpended Appropriations To 2009 Budgeted Appropriations

Dahl said this ordinance is brought forward every year. Departments who, for whatever reason, are unable to complete activities the year prior are required to come before the County Board to request that those funds be carried over to the next year's budgets to purchase goods and services. It is being requested that \$3,762,773 be carried over. The committee and staff reviewed the attached chart which listed amount approved, project description, and justification for the carry over.

Hutton felt many of these carryovers were for non-essential services/projects and he suggested removing certain projects due to current economic conditions. Wimmer said he was not in a position to determine what was essential and what was not. Haukohl was not comfortable pulling projects, especially maintenance. She said in essence, we would be punishing departments for good budgeting. Swartz said if you pull projects, you're basically sending a message to departments to spend every dollar because they may not be approved for carryover.

MOTION: Zaborowski moved, second by Heinrich to approve Ordinance 163-O-094. Motion carried 6-1. Hutton voted no.

Review 2008 Requirements of Statement of Auditing Standards

Dahl advised auditing standards have tightened in recent years. This has put a much greater burden on the audit community and has resulted in additional hours of work. Acker said they are in the beginning stages of the 2008 audit and she distributed copies of a letter whose purpose is to communicate certain requirements during the planning phase of the audit. One of the new standards

involves increased communications with the governing board. The financial audit involves testing of balances, confirmation to external sources, as well as a review of internal controls and processes on how the County reports its numbers. The audit will focus on the largest, most significant transaction cycles that feed into material numbers in this report. Through that, they review internal controls and should they find any recommendations, they are included in the report on internal controls at the conclusion of the audit as well. The report on internal controls is a byproduct of the financial audit. Acker said they primarily work with staff in the Department of Administration on the audit. She said if there were any particular items that might require additional focus to let her know.

Dahl said Internal Audit Manager Lori Schubert discusses with the committee the report on internal controls and that is basically where you see some of the important findings. Haukohl asked Acker if she could come back before the committee to discuss any major findings. Acker said she would be happy to at the conclusion of the audit. She does this with most of their governmental clients. Haukohl asked if this could be scheduled when Dahl appears before the committee to review the CAFR report in July. Acker and Dahl said yes.

Ordinance 163-O-086: Authorize The Waukesha County University Of Wisconsin Extension Office To Accept A Contract From The Village Of Chenequa For Comprehensive Planning Facilitator Services

Cooper, Braatz, and Duckwitz were present to discuss this ordinance which involves accepting \$975 from the Village of Chenequa for comprehensive planning services. The total contract is for \$9,400, most of which has already been appropriated in their budget.

MOTION: Hutton moved, second by Wimmer to approve Ordinance 163-O-086. Motion carried 7-0.

Contract Procurement Process for the Land Records System

Behrend advised the contract was awarded to Manatron, Inc., the highest rated proposer, for a total contract cost of \$265,895. The budgeted amount was \$275,000. The contract cost did not match the post composite because the County negotiated a \$65,385 reduction in first year costs to get the project within the budgeted amount. A reduction of \$23,000 in support costs was also negotiated. A total of six vendors submitted RFP's for consideration.

MOTION: Wimmer moved, second by Meyer to approve the contract procurement process for the Land Records System. Motion carried 7-0.

State Legislative Update

Krahn said the 911 initiative was in the state budget but the governor pulled it on Sunday and at this point we don't know why. This is a huge disappointment for us as we had been working on it for months. It would have resulted in reduced costs at our Dispatch Center. There are no new community aids, youth aids, and not much in the area of courts funding. We will get a littlebit of court interpreter monies. The governor is increasing fines, fees, and forfeitures which will probably be used to decrease jail costs by using more probation. An RTA was created for southeastern Wisconsin, among other areas, but they are not mandated. The governor has allowed any RTA to impose a 0.5 cent sales tax to pay for the RTA. Krahn noted that levy limits will be 3% for the next twoyears. He advised that Wisconsin will receive about \$4 billion in federal stimulus funds. About \$2 million will be used for Medicaid, health care, and education; \$550 million for

infrastructure including here at the County level; \$2 billion in Byrne grants for law enforcement and treatment; \$1 billion for child support enforcement; as well as funds for victim assistance. We cannot supplant with these federal funds, only supplement. Krahn went on to review new legislation and fiscal concerns relative to drunk driving.

Chair's Executive Committee Report of 2-16-09

Haukohl advised the Executive Committee reviewed technology projects. Due to time constraints with today's meeting, Haukohl said she would highlight those projects at the next meeting.

Hutton left the meeting at 3:03 p.m.

Closed Session

MOTION: Heinrich moved, second by Tortomasi to go into closed session at 3:03 p.m. pursuant to State Statute 19.85 (1)(g) regarding strategy with respect to litigation the County is involved in: Susan Helker vs. Waukesha County; and to approve the closed session minutes of November 19, 2008. Motion carried 6-0.

MOTION: Heinrich moved, second by Tortomasi to return to open session at 3:27 p.m. Motion carried 6-0.

MOTION: Heinrich moved, second by Wimmer to adjourn at 3:27 p.m. Motion carried 6-0.

Respectfully submitted,

Approved on:_____

Pamela Meyer
Secretary